

# ***SOCIAL SECURITY***



# INSURANCE PROGRAMS

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🛡️ RETIREMENT

🛡️ SURVIVOR

🛡️ DISABILITY

🛡️ MEDICARE

🛡️ THESE PROGRAMS ARE BASED ON  
F.I.C.A. CONTRIBUTIONS



# VESTING AND CALCULATION FOR RETIREMENT

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- 🛡 40 QUARTERS TO BE VESTED WHICH IS 10 YEARS OF CUMULATIVE WORK
- 🛡 35 HIGHEST YEARS OF SOCIAL SECURITY WAGES ARE AVERAGED



# The Social Security Statement

## “The Future’s In Your Hands”

### Your Social Security Statement

Prepared especially for Josephine Q. Public

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October 1, 1999



**VERIFY**

**REVIEW**

**PLAN**

SAMPLE

What Social Security Means to You



# SOCIAL SECURITY RETIREMENT AGE IS INCREASING

The full Social Security retirement age is increasing. This is the age that one's benefit is not reduced for taking it early. A worker will still be able to retire as early as age 62, but the reduction amount will be higher. In the past, a worker retiring at age 62 would have their benefits reduced by 20%.

Year Of Birth	Full Retirement Age	% Reduction at age 62 *
1937 or earlier	65	20%
1938	65 and 2 months	20.8%
1939	65 and 4 months	21.7%
1940	65 and 6 months	22.5 %
1941	65 and 8 months	23.3%
1942	65 and 10 months	24.2
1943-1954	66	25%
1955	66 and 2 months	25.8%
1956	66 and 4 months	26.7%
1957	66 and 6 months	27.5%
1958	66 and 8 months	28.3%
1959	66 and 10 months	29.2%
1960 and later	67	30 %

\* These percentages are approximate: they have not been rounded for ease of illustration purposes.



# HOW CREDITS ARE EARNED IN 2011

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♥ 1 CREDIT FOR EACH \$1,120 EARNED  
IN COVERED EMPLOYMENT

♥ MAXIMUM OF 4 CREDITS/ YEAR



# *definition of “non-covered”*

- ❖ **state government**
- ❖ **civilian federal (not covered under F.I.C.A.)**
- ❖ **local government (cities and towns)**
- ❖ **Foreign pensions**
- ❖ **EXCEPTION: private company pensions do not meet this definition**



# **windfall elimination provision**

**This is the provision which changes the formula for an individual who is eligible for SS based on their own work credits AND will be eligible for a “government pension”. Unless a person meets one of the exceptions to “WEP”, the formula change will occur.**





# *What are the exceptions to the Windfall Elimination Provision?*

- ✚ You must be age 62 by 1/86.
- ✚ You must have been eligible for your “government pension” by 1/86.
- ✚ You have 30 years of “substantial earnings” under Social Security.
- ✚ Failure to meet one of these exceptions will result in a lower social security payment!



# *government pension offset*

- ✦ this applies to you filing on a spouse's SS record!
- ✦ a dollar amount of  $\frac{2}{3}$  of your non-covered pension is deducted from the monthly SS potentially payable
- ✦ **EXCEPTION**: women who were eligible for their non-covered pension by 12/82 are exempt from this provision



# *How the 2/3 “offset really works...*

- ✚ If your government pension is \$900/month and your dependent's benefit paid by SS is \$500/month:
- ✚  $2/3 \text{ of } \$900 = \$600$
- ✚  $\$500 - \$600 = \text{zero!!}$  Nothing is paid by social security...
- ✚ If the government pension is \$600/mo (2/3 is \$400), SS will only pay \$100/month...



# **HOW to DETERMINE YOUR WEP and/or GPO BENEFIT**

- ✚ Go to [socialsecurity.gov](https://www.socialsecurity.gov)!!!!
- ✚ Go to “groups” on the side bar
- ✚ Click on “Govt. Employees”
- ✚ Click [windfall calculator](#)
- ✚ Click [government pension offset calculator](#)



# **When WEP and GPO will NOT apply!**

**Until you retire and begin to draw the  
monthly “non-covered pension, Social  
Security will not adjust your benefits!!!**

# HOW WORK AFFECTS YOUR CHECKS IN 2011

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♥ UNDER “FULL RETIREMENT AGE”  
.....\$ 14, 160/YR  
..... (\$1,180/MO)

♥ JANUARY UP TO THE MONTH OF  
“*FULL RETIREMENT*”  
*AGE*”.....\$37,680/YR  
(\$3,140/MO)

♥ *THERE IS NO LIMIT FROM THE  
MONTH OF “FULL RETIREMENT”!!!*



# FIRST YEAR RULE

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- ♥ Regardless of your earnings from January to the month of retirement, you are eligible to receive SS checks for any months you are either not working or working and earning under the monthly limit (1/12 of the annual limit).
- ♥ FROM ATTAINMENT OF YOUR FULL RETIREMENT MONTH, THE SKY'S THE LIMIT!!!



# WHO CAN GET RETIREMENT BENEFITS

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## Worker

Reduced benefits at 62 (must be insured-40 credits-10 years)

Full Benefits at 65 (67 by 2027)

Increased benefits for retirement after 65 (67 by 2027)

## Wife or Husband

At 62

At any age if caring for a child of worker under 16 or disabled

Divorced spouses also qualify in some cases

## Child

Unmarried child under 18, or under 19 if still in high school

Unmarried child disabled before age 22 who continues to be disabled





# WHO CAN GET SURVIVORS BENEFITS

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## Widow/Widowers

Reduced benefits at age 60

As early as age 50 if disabled

At any age if caring for a child of worker under 16 or disabled

## Child

Unmarried child under 18, or under 19 if still in high school

Unmarried child disabled before age 22 who continues to be disabled

## Lump Sum Death Payment – (\$255)

Living with or entitled spouse

Entitled children



# WHO CAN GET DISABILITY BENEFITS

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## WORKER

- Must be Insured (20/40)
- Any Age

## SPOUSE

- Age 62
- Any age if caring for a child or worker under age 16 or disabled
- Divorced spouse

## CHILD

- Unmarried child under 18, or under 19 if still in high school
- Unmarried child disabled before age 22 who continues to be disabled



# MEDICARE COVERAGE

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65 and older

Receiving Social Security Disability benefits at least 24 months

Permanent kidney failure

## Part A (Hospital Insurance)

Covers most inpatient hospital expenses

## Part B (Supplementary Medical Insurance)

Covers 80% doctor bills and other outpatient medical expenses after first \$135 in approved charges.

## Part D ( Prescription Drug Coverage)



# Medicare as a health care product

- ✚ Medicare A and B are a complete product which only gives you 80% coverage.
- ✚ A “gap plan” is needed as a 20% supplement to Medicare for complete coverage.
- ✚ This is usually provided by the employer retirement package.
- ✚ You must have A and B to receive a supplement!!!
- ✚ The 80% plus 20% will give you complete coverage!!!



# RETIREMENT BEFORE AGE 65

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- 🛡️ You must enroll in *BOTH* Medicare A&B within 3 months of age 65 to ensure coverage at 65!
- 🛡️ Medicare becomes the primary payer at age 65
- 🛡️ Failure to do this results in a \$\$ penalty and a restricted enrollment period
- 🛡️ *Exception:* You are retired but covered under an “actively” employed spouse



# MEDICARE

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🌐 *While still “actively” working at age 65...*

♥ FILE FOR MEDICARE PART A  
(optional!!!) REFUSE PART B (not  
necessary if covered under employer  
plan)

🌐 *Upon retirement...*

♥ FILE FOR MEDICARE PART B  
UNDER “SPECIAL ENROLLMENT”  
with no penalty and no lapse in coverage



# APPLY FOR BENEFITS AND MEDICARE ONLINE OR CALL 1-800-772-1213 FOR APPTS.

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## Inquire Before You Retire

- ♥ Get the facts about benefits and Medicare
- ♥ All information can be obtained online @ [social security.gov](https://www.socialsecurity.gov)

## What You Need

- ♥ Proof of age/citizenship in certain cases ONLY!!!
- ♥ Earnings estimate
- ♥ Bank information for direct deposit
- ♥ Information about your “govt. pension”
- ♥ Proof of Legal Status in the U.S.



# VISIT OUR WEBSITE OR CALL!

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<http://www.socialsecurity.gov/>  
1-800-772-1213





# **CHECKLIST OF WHAT TO DO** **WHEN YOU RETIRE AND** **RECEIVE SOCIAL SECURITY!**

- ✚ **Contact your local SS office 2-3 months ahead.**
- ✚ **Provide SS proof of your gross monthly pension from the “noncovered” source to SS.**
- ✚ **Sign up for Medicare Part B, if you are over age 65.**

